

Message Text

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ACTION EA-12

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C O N F I D E N T I A L JAKARTA 6206

E.O. 11652: GDS
TAGS: EAID, ENRG, ID
SUBUECT: MEETING WITH WIDJOJO (TITLE III, PL-480 AND LNG)

1. ECONOMIC COORDINATING MINISTER WIDJOJO ASKED ME TO SEE HIM MAY 11 TO FOLLOW UP ON ECONOMIC AID MATTERS DEALT WITH DURING VICE PRESIDENT MONDALE'S VISIT. USAID DIRECTOR ACCOMPANIED ME. WIDJOJO BEGAN THE MEETING BY CONGRATULATING US FOR THE GREAT SUCCESS OF THE VISIT AND SAYING PRESIDENT SUHARTO HAD MENTIONED TO HIM TWICE THAT HE WAS "QUITE PLEASED" WITH THE VISIT. WIDJOJO IDENTIFIED TWO ISSUES HE WISHED TO DISCUSS: (A) PL-480 TITLE III -- TO DECIDE HOW TO PROCEED WITH THE JOINT STUDY AGREED DURING THE MEETING WITH PRESIDENT SUHARTO AND (B) TO CLARIFY THE SITUATION REGARDING THE PROPOSAL TO SHIP INDONESIAN LNG TO THE U.S.

2. WITH RESPECT TO TITLE III, WIDJOJO SAID PRESIDENT SUHARTO IS DEFINITELY INTERESTED IN THE NEW PROGRAM AND WANTS TO PARTICIPATE BUT THAT "AT ALL COST WE MUST AVOID ANY POSSIBLE MISUNDERSTANDING" IN IMPLEMENTATION "OVER REPORTING REQUIREMENTS OR OTHER MATTERS". WIDJOJO QUOTED PRESIDENT SUHARTO AS SAYING GOI PRACTICE NOW IS TO APPLY ALL PL-480 SALES PROCEEDS TO ITS DEVELOPMENT BUDGET. THE ISSUE IS, WIDJOJO SAID, TO IDENTIFY JUST EXACTLY WHAT REPORTS ARE NEEDED. HE NOTED THAT THE GOI NOW, AS REQUIRED
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BY SIDE LETTER TO EXISTING TITLE I PROGRAM, REPORTS TO U.S. ON HOW RUPIAHS ARE USED. IT IS NECESSARY TO PINPOINT WHAT ADDITIONAL REPORTING IS NEEDED AND IN WHAT RESPECT EXISTING GOI BUDGETARY AND ACCOUNTING PRACTICES ARE NOT SUFFICIENT. HE SAID IF WE COULD AGREE UPON A SYSTEM OF ACCOUNTING AND MONITORING THEN GOI WOULD LIKE TO MOVE QUICKLY AND BEGIN A PROGRAM "THIS YEAR ON A FAIRLY LARGE SCALE". WIDJOJO SAID HE SEES NO

NEED TO LIMIT THE PROGRAM TO A RELATIVELY SMALL PILOT PROJECT
IN FY 79 IF WE COULD AGREE NOW ON THE SYSTEM. HE STRESSED THE
IMPORTANCE OF "THE SYSTEM". OVER DECIDING NOW ON PARTICULAR PROJECTS
"SINCE A GOOD SYSTEM COULD GIVE ADEQUATE REPORTS TO THE U.S.
FOR WHATEVER PROJECTS TITLE III RUPIAHS USED."

3. WIDJOJO ASKED SPECIFICALLY WHETHER TITLE III RELATED TO
HUMAN RIGHTS CONCERNS. I SAID THAT THERE IS NO SPECIFIC CONNECTION
BETWEEN TITLE III AND HUMAN RIGHTS AND EXPLAINED THAT THE REPORT-
ING REQUIRED UNDER TITLE III AND SELECTION OF PROJECTS BASED ON
HUMAN NEEDS CRITERIA SHOULD AUTOMATICALLY SATISFY HUMAN
RIGHTS CONCERNS. THE MOTIVATION FOR TITLE III IS TO INCREASE
FOOD PRODUCTION. AS FOR JOINT STUDY OF PROCEDURES, I
SAID I THOUGHT WE SHOULD ATTEMPT TO WORK OUT AS MANY DETAILS
AS POSSIBLE NEXT WEEK AND BEFORE IGGI MEETING. I SUGGESTED
THIS BE DISCUSSED FURTHER WITH SULLIVAN, HEGINBOTHAM
AND USAID DIRECTOR IN AMSTERDAM WHERE DECISION COULD BE MADE
WHETHER OR NOT A TEAM FROM WASHINGTON WAS NEEDED TO WORK OUT RE-
PORTING AND OTHER REQUIREMENTS UNDER TITLE III. DEPENDING
UPON AVAILABILITY OF WIDJOJO'S KEY STAFF NEXT WEEK, WE MAY BE
ABLE TO CLARIFY GOI CONCERNS PRIOR TO IGGI.

4. AS FOR LNG, WIDJOJO SAID THERE SEEMED TO BE SOME UNCERTAINTY
AS TO JUST WHAT FORMULA HAD BEEN AGREED UPON. I REPLIED THAT
WHAT HAD BEEN AGREED DURING THE VICE PRESIDENT'S VISIT WAS A
"CONCEPT" WHICH DID NOT MEAN A FINAL DECISION HAD BEEN REACHED
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SINCE THE FINAL DECISION WOULD REQUIRE DOE REGULATORY REVIEW AND
APPROVAL. WE WERE, HOWEVER, HIGHLY ENCOURAGED BY THE RECENT
PROGRESS AND BELIEVE A FORMULA IS IN SIGHT WHICH MEETS OUR
CONCERNS. WIDJOJO SAID HE WAS AWARE SOME FURTHER ACTIONS WERE
REQUIRED.
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